Remarks

In the present response, claims 18 and 19 are newly added. No new matter is entered. Claims 1 – 19 are presented for examination.

Claim Rejections: 35 USC § 101

Claims 1-5 are rejected under 35 USC § 101 as being directed to non-statutory subject matter. This rejection is moot since claim 1 is amended to be tied to a computer.

Claim Rejections: 35 USC § 103(a)

Claims 1, 2, 4-8, 10-15, and 17 are rejected under 35 USC § 103(a) as being unpatentable over USPN 7,096,197 (Messner) in view of USPN 6,061,662 (Makivic). Applicants respectfully traverse.

Claims 1, 2, 4-8, 10-15, and 17 recite one or more elements that are not taught or suggested in Messner in view of Makivic. These missing elements show that the differences between the combined teachings in the art and the recitations in the claims are great. As such, the pending claims are _not_ a predictable variation of the art to one of ordinary skill in the art.

As one example, claim 1 recites using historical auction data to determine "a first parameter that is a function of a joint bid distribution and a density function related to the joint bid distribution." Messner in view of Makivic does not teach this element.

The Examiner admits that Messner does not teach "determining, from the historical auction data, a first parameter that is a function of both a joint bid distribution and a density function related to the joint bid distribution" (see OA mailed 11/28/2008 at p. 4). Applicants agree with this admission. The Examiner, however attempts to cure this deficiency with Makivic. Applicants respectfully traverse.

Makivic teaches a Monte Carlo system and a method that prices financial instruments, such as derivative securities. Monte Carlo is a computation algorithm that relies on repeated random sampling to compute a result and is used to price derivative securities or online options.

Column 25, lines 21-25 in Makivic teaches that an option price is represented as a probability density which is calculated from historical data. Column 25, lines 4-15

teaches a simulation via stochastic statistical sampling of historical asset data for an option using the Monte Carlo method. These citations to Makivic fail to teach or suggest using historical auction data to determine a first parameter that is a function of both a joint bid distribution and a density function related to the joint bid distribution. Instead, Makivic only teaches representing an option price as a probability density which is calculated from historical data. This teaching is a very different technique than claim 1 which recites both a joint bid distribution and a density function related to the joint bid distribution.

In contrast to Messner in view of Makivic, claim 1 recites specific limitations regarding how the historical auction data is used to compute a bid value for a selected bidder. Specifically, claim 1 recites using historical auction data to determine "a first parameter that is a function of a joint bid distribution and a density function related to the joint bid distribution." Messner in view of Makivic never teaches that historical auction data is used in this manner. Again, Messner merely mentions that the analysis takes in account past history of bidding.

The differences between the claims and the teachings in the art are great since the references fail to teach or suggest all of the claim elements. As such, the pending claims are not a predictable variation of the art to one of ordinary skill in the art.

As another example, claim 1 recites "solving an equation that includes the first parameter and the selected bidder's value distribution, and not the value distribution of other bidders, to compute a bid value associated with the selected bidder for a given bid." The previous element in claim 1 further recites that the first parameter is a function of a joint bid distribution and density function. Thus, by combining these two elements, claim 1 recites a specific method for solving the equation to compute a bid value associated with the selected bidder for a given bid. The equation includes a joint bid distribution, a density function, and the selected bidder's value distribution. Messner in view of Makivic does not teach these three different elements in an equation for computing a bid value associated with a selected bidder.

The Examiner admits that Messner does not teach "solving an equation that includes the first parameter and the selected bidder's value distribution, and not the value distribution of other bidders, to compute a bid value associated with the selected bidder

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for a given bid" (see OA mailed 11/28/2008 at p. 4). Applicants agree with this admission. The Examiner, however, attempts to cure this deficiency with Makivic. Applicants respectfully traverse.

Makivic teaches a Monte Carlo system and a method that prices financial instruments, such as derivative securities. Monte Carlo is a computation algorithm that relies on repeated random sampling to compute a result and is used to price derivative securities or online options.

Column 25, lines 21-25 in Makivic teaches that an option price is represented as a probability density which is calculated from historical data. Column 25, lines 4-15 teaches a simulation via stochastic statistical sampling of historical asset data for an option using the Monte Carlo method. These citations to Makivic fail to teach or suggest solving an equation that includes the first parameter and the selected bidder's value distribution, and not the value distribution of other bidders, to compute a bid value associated with the selected bidder for a given bid. Makivic is using Monte Carlo algorithms to compute a very different computation that involves option prices, not bidders or bid values associated with a selected bidder for a given bid. Bidding this manner is not considered in Makivic's formulation for derivative securities.

The differences between the claims and the teachings in the art are great since the references fail to teach or suggest all of the claim elements. As such, the pending claims are not a predictable variation of the art to one of ordinary skill in the art.

Applicants respectfully ask the Examiner to consider allowance of dependent claims 2, 8, and 15. These claims recite solving ordinary differential equations. The Examiner cites Makivic at column 10, lines 11-30. This section of Makivic does not mention or teach of solving ordinary differential equations to compute a bid value associated with a selected bidder.

CONCLUSION

In view of the above, Applicants believe that all pending claims are in condition for allowance. Allowance of these claims is respectfully requested.

Any inquiry regarding this Amendment and Response should be directed to Philip S. Lyren at Telephone No. 832-236-5529. In addition, all correspondence should continue to be directed to the following address:

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Respectfully submitted,

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